

Panel on C.I.A. Subsidies Divided Over Alternatives

By ROBERT H. PHELPS
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WASHINGTON, Dec. 17—The committee set up to propose a plan for openly financing voluntary organizations once secretly supported by the Central Intelligence Agency is divided so sharply that it cannot meet the Dec. 31 deadline for reporting to the President.

The study panel, headed by Secretary of State Dean Rusk, has narrowed its choice to four plans. These range from a stop-gap appropriation that would help some of the organizations carry on their work next year to the establishment of a semi-public independent organization that would take over many of the overseas academic and cultural activities now under other agencies.

While the committee will meet again in January, the division among the 18 members is so deep that there is little hope of agreement. As a result, the problem is expected to be tossed back to the White House without a clear-cut decision.

Most Congressional members, feeling the need for economy, favor the least costly of the four plans. Under this proposal known as Alternative I, up to \$5-million would be appropriated, probably to the State Department, for the fiscal year beginning next July 1.

Backed by Representatives

This money would be used to finance the neediest of the student, religious, union, cultural and other groups subsidized for years by the C.I.A. to counter Communist influence abroad.

At a recent meeting, the four House members of the panel gave their support to Alternative I. They were George Mahon, Democrat of Texas; L. Mendel Rivers, Democrat of South Carolina; Thomas Morgan, Democrat of Pennsylvania, and Frank Bow, Republican of Ohio.

After the House members announced their support, Senator Carl Hayden, Democrat of Arizona, said the Senate would go along with the House. However, not all the Senators on the

Continued From Page 1, Col. 6
committee agree.

Some of the Senators and many of the private members of the panel favor the most ambitious of the four plans. Under this proposal, known as Alternative IV, a quasi-public commission of 15 to 29 members would be set up. It would receive about \$25-million to finance what the panel members call the "C.I.A. orphans"—the voluntary groups formerly subsidized in secret.

This proposed agency would also take over the State Department's academic and cultural exchange program, which supervises Fulbright scholarships, performances abroad of American orchestras and plays, seminars and courses in American studies, and other projects.

The agency would also assume control of the libraries now operated by the United States Information Agency and handle grants now made by the Agency for International Development to colleges and hospitals for projects abroad.

\$50-Million-a-Year Cost

The programs of these other agencies cost more than \$50-million a year.

To protect the proposed commission from possible charges of being a tool of American foreign policy, the plan calls for the new agency to be operated independently of the Government. A majority of the members would be from private life and the commission would have a permanent staff abroad. But Congress would have to appropriate funds for the commission, although it could receive more if from private foundations.

This plan is being vigorously pushed by Dr. Milton Eisenhower, former president of the Johns Hopkins University; Dr. Herman B. Wells, chancellor of Indiana University, and Paul R. Porter, a Washington lawyer and former chairman of the Federal Communications Commission.

Mr. Porter commented in a telephone interview that the

subsidization of voluntary organizations had accomplished so much for so little money that, in a way, it was "too bad the C.I.A. got caught." But, he said, the subsidy program should be strengthened and the best way of doing this is to put all the programs under a "single protective umbrella."

Supported by Fulbright

Senator J. W. Fulbright, Democrat of Arkansas, the chairman of the Senate Foreign Relations Committee, also favors Alternative IV, on the basis that detachment of the programs from foreign policy concerns would improve the American image abroad.

Budget Director Charles Shultze, however, favors a gradual approach. Cattel Alternative III, his plan would set up a quasi-public commission but give it only authority to make grants to the "C.I.A. orphans." The other programs would continue under the State Department, U.S.I.A. and AID.

Dr. Frank A. Rose, president of the University of Alabama, commented that while he favored Alternative IV, he thought that the present need for economy in Government made Alternative III the wisest choice now. The other programs could be brought in later, he said.

But Dr. Eisenhower insisted, in a telephone interview, that if for the new agency to be operated only the previous functions were going to be included, then "unfortunately the effort would be discredited before it began." One fear is that there would be competition for funds between the proposed agency and the cultural unit of the State Department, the information agency and the aid agency.

"All the other outfits would have their knives out for the new commission," one foe of Alternative III commented.

The other proposal, Alternative II, would make the subsidization of the voluntary organizations a part of the foreign aid program. There has been little support for this idea, however.

President Johnson set up the Rusk committee last spring

after directing the C.I.A. to end covert financing of private voluntary groups. He acted after disclosures that the intelligence agency was supporting private voluntary organizations engaged in overseas programs. The amount of yearly subsidies by the C.I.A. has never been disclosed, but one informed guess is \$15-million a year.

With Dec. 31 as the cutoff date for such C.I.A. subsidies, the Rusk committee once considered asking Congress for a supplementary appropriation to help some of the voluntary organizations during the period when there will be no Federal program.

One of the organizations that is said to need assistance is the Asia Foundation, which provides technical assistance to underdeveloped countries, aids in the establishment of rice cooperatives and helped write the South Korean Constitution.

A strong supporter of the subsidy program said he believed that the C.I.A. had "thrown a little fat" into its grants in recent months to tide some voluntary organizations over.

The subsidies are difficult to trace because they are often hidden in grants from foundations to the voluntary group.